

LEE WARD,  
Plaintiff,  
v.  
FIGURE LENDING, LLC,  
Defendant.

COMES NOW Plaintiff Lee Ward, individually and on behalf of all others similarly situated, pursuant to Rule 15 and 23 of the Federal Rules of Civil Procedure, states his amended claims against Defendant Figure Lending, LLC, showing this Honorable Court as follows:

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substantial business in North Carolina, namely by issuing millions of dollars of loans to North Carolina citizens. Defendant's principal office is located at 650 S. Tryon Street, 8th Floor, Charlotte, NC 28202 in Mecklenburg County.

3.

This Court has subject-matter jurisdiction over this case under 28 U.S.C. § 1332(d)(2)(A), because the Class contains more than 100 persons, the aggregate amount in controversy exceeds \$5,000,000, exclusive of interest and costs, and at least one member of the Class is a citizen of a state different from Figure.

4.

Jurisdiction under 28 U.S.C. § 1332(d)(2)(A) cannot seriously be disputed. As set forth herein, Plaintiff alleges, *inter alia*, that Figure systematically assesses fees and/or interest that are not justified by the form contract that it imposes upon customers like Mr. Ward. Given that Figure received almost 10,000 HELOC applications in the first quarter of 2024, alone, common sense and simple arithmetic dictate that there are more than 100 members of the putative classes alleged herein, and that the amount in controversy exceeds \$5,000,000.

5.

This Court has personal jurisdiction over Defendant because Figure conducts substantial business in this District, has sufficient contacts with this District, and otherwise purposely avails itself of the markets in this District by marketing its

services in this District. Defendant is also registered to do business in this District.

6.

Venue is proper under 28 U.S.C. § 1391 because Defendant transacted business in this District and is subject to the Court's personal jurisdiction.

### **Procedural Background**

7.

Mr. Ward originally filed suit against Defendant on or about December 22, 2022 in the Superior Court of Gwinnett County, State of Georgia, in a case styled *Lee Ward v. Figure Lending, LLC*, Case No. 22-A-10835-3.

8.

After removing the case to federal court, Defendant moved to dismiss and moved to transfer the case to Arizona. *See* Dkt. No. 3 in *Ward v. Figure Lending, LLC*, Case No. 1:23-cv-00516-MLB-RDC (N.D. Ga.). On June 21, 2023, the District Court issued an order transferring the case to the United States District Court for the District of Arizona. *See* Dkt. No. 26 in *Ward v. Figure Lending, LLC*, Case No. 1:23-cv-00516-MLB-RDC (N.D. Ga.).

9.

Following transfer, the Arizona District Court granted Defendant's motion to dismiss, but gave Plaintiff leave to file a further amended pleading to bolster the allegations regarding subject matter jurisdiction. *See* Dkt. No. 43 in *Ward v. Figure*

*Lending, LLC*, Case No. 3:23-cv-08116-SPL (D. Ariz.).

10.

Mr. Ward filed a further amended complaint, which Defendant again sought to dismiss for lack of jurisdiction. On December 6, 2023, the Arizona District Court again granted Defendant's motion to dismiss, *without prejudice*, for lack of subject matter jurisdiction. *See* Dkt. No. 50 in *Ward v. Figure Lending, LLC*, Case No. 3:23-cv-08116-SPL (D. Ariz.).

11.

According to the contract between Mr. Ward and Figure, Arizona law applies in this case. Ariz. Rev. Stat. § 12-504(a) provides:

If an action is commenced within the time limited for the action, and the action is terminated in any manner other than by abatement, voluntary dismissal, dismissal for lack of prosecution or a final judgment on the merits, the plaintiff, or a successor or personal representative, may commence a new action for the same cause after the expiration of the time so limited and within six months after such termination.

Because this renewed case was filed within six months of December 6, 2023, it was and remains timely.

### **Factual Background**

#### **A. Figure.**

12.

Figure is a lender specializing in purported home equity lines of credit

(sometimes known as “HELOCs”) whereby homeowners obtain a line of credit based in part on the amount of equity in their home over and above any mortgage or existing loan secured by the property. A HELOC works in a similar fashion to a credit card in that you can continuously tap into the line of credit, up to the credit limit, during the draw period. You have access to the entire credit line and can spend as much or as little as you want, and you only pay interest on the amount you spend. This makes it different from an installment loan – such as a home equity loan or personal loan – where you receive the full loan amount in a lump sum upfront. As will be shown below, Figure does not actually provide HELOCs. Rather, its marketing and promotion of HELOCs is fraudulent and misleading. On its website, the company claims to use high technology to improve the experience of borrowers:

Figure uses the proven power of the Provenance Blockchain for loan origination, equity management, private fund services, banking and payments—transforming the trillion dollar financial services industry. Figure has over 500 employees across the US with headquarters in SF and NYC with technology offices across the United States.

13.

Also on its website, Figure claims to be the “#1 Non-Bank Home Equity Line of Credit in the U.S.” It also claims to have provided loans to 100,000 households across the United States totaling over \$9 billion. In the first quarter of 2024 alone, almost 10,000 HELOC applications were submitted to Figure by US homeowners.

14.

Figure is based in San Francisco, California. According to TechCrunch, an online news site reporting on the tech industry, Figure was founded in 2017 by a disgraced tech executive and was funded by several venture capital investors:

The money isn't entirely surprising, given who founded the company — Mike Cagney, who founded SoFi and built it into a major player in student loan refinancing in the U.S. before leaving amid allegations of sexual harassment and an anything-goes corporate culture that saw at least two former employees sue the company.

After the scandals at SoFi, both Cagney and his wife joined Figure:

Cagney co-founded Figure with his wife, June Ou, who is the company's chief operating officer. She was previously chief technology officer at SoFi.

As for its culture and lingering questions that customers and potential partners may have about what happened at SoFi, Cagney — who has said he had consensual sexual relationships with female subordinates at SoFi — insists that Figure is benefiting from lessons learned.

At SoFi, he told American Banker, “[W]e grew so fast and we never really understood what we were going to grow into, and culture never took a front seat.” Figure meanwhile has a “very clear adherence to a no-asshole policy.”

Unfortunately, controversy has followed Cagney and his wife to Figure.

15.

Figure has been accused of a variety of improper practices by consumers who have contacted the Better Business Bureau. Many complaints allege that Figure uses its vaunted “100% online application process” to operate an automated bait-and-switch scheme.

16.

The following consumer complaints are illustrative of the thousands of consumers like Mr. Ward who have been victimized by Figure's improper practices.

17.

For example, on March 17, 2020, "Brandon A." complained:

I had started an application with Figure with the intent to refinance my house with cash out, I had been waiting for the rates to fall below my threshold of when it would make sense to actually do a refinance, when the rate finally dropped to the point I needed I locked the rate. At that point I started entering information that the application requested, I got to a point where it was verifying my income when the online application ran into a problem and none of the links worked and could not continue. I called figure to try and clear up the problem but days later Figure still could not find what was wrong and said that they will need to cancel the application and start over, I expressed my concerns that this was not the way things should be done and that I did not want to lose the rate I had lock as the rates had shot up from the my locked rate of 2.88 to 3.5, still Figure said there is nothing they could do and I would need to cancel the application. This is predatory lending at its finest, because the rates had gone up they had blocked my application from moving forward and forced me to cancel my application so that I would have to re-lock the rate at 3.5 percent. How does a lending company with emphasis on online automated applications not know how to manually fix an application when something goes wrong, this was just an excuse to not allow my application to finish with the locked rate.

18.

Another Better Business Bureau ("BBB") complaint from "Nancy S." on May 1, 2020 stated:

Received pre-approved offer by mail. Called and was approved moving forward signing papers, locked interest rate, changed insurance policy

to cover loan. I provided confidential financial information. They received accesses to IRS and banking information, then on a Sunday afternoon I received an e-mail saying Thanks for applying but we cannot do business with you. I signed a contract. I spent a couple of weeks going through the process. I'm not sure what to make of the "didn't see it coming" rejection. My credit score was 755. It can only be 2 things. This offer was fraudulent and I got scammed or they discriminated against me because of my age. The silver lining is after a couple of days I tried Quicken Loans and everything went smooth and professional. I'll be closing soon.

19.

Another BBB complaint came from "Derrick R." on January 15, 2021:

"Warmest Regards" I should have listened to these reviews. I applied to refinance through Figure and was offered an attractive rate. Everything was hinky from the start. Congratulations on your approval they emailed, "lock your rate" but then the lock button didnt work. They had to send a new link. Unfortunately rates had changed by the next day when they did (wouldnt you know it) so the locked rate was .35 higher. Thank god one of the workers told me to hold off scheduling the appraisal because two days later (24hrs after billing me \$475) "underwriting" rejected my paystubs because they were screen prints rather than print outs. I told them that was the only way to make a copy but according to them this violated this Fannie Mae rule: "Documents must be computer-generated or typed by the borrower's employer(s), although paystubs that the borrower downloads from the Internet are also acceptable. Documents must clearly identify the employer's name and source of information." -Fannie Mae Selling Guide Uh ...ok. I could print to pdf but that was also unacceptable. I offered to give them my log in information (stupid will never offer that up again) and got no response. Promptly enough the appraiser called and nervously said he had a "rush order" to come out and complete the appraisal even though I hadn't yet made it past "underwriting." Odd. When I asked Figure about this they hemmed and hawed. Its a pretty transparent operation once you look under the hood. So now these "bankers" have enough information to nearly fake my identity which Im sure goes for a nice sum on the darkweb. Especially if you could say bundle it together with a couple thousand other well qualified buyers. Stay away. They lure



you with the low rate bate and switch just enough to make out like the bandits they appear to be. TLDR: This company is shady AF. When was the last time you heard anyone from around here say “warmest regards” gtfo.

20.

The BBB shows numerous other complaints about Figure’s tactics. One example came from “Stephanie C.” on August 19, 2021:

This company is shady... I was approached by a company named Plush Funding who said they would work with me on a personal loan. They reached back to me and said I was approved for 48k through Figure but there was a 9% fee that would go to Plush funding. [W]hen I was reviewing the document on Figure they also had a fee it was \$1200.00. I thought this is very odd that both companies are trying to charge a fee. When I reached out to Figure to ask then about his I spoke with a rep name \*\*\*\*\* and she told me that no other company should be asking for a fee and to that that is a scam. I gave her all the detail such as phone number and names and she said they are a scam. She asked me to start a new app under a different email ,so I did. I was approved again for the 48K but I had gone out of the country for 2 weeks and was going to go through the loan when I got back. I got back and contacted Figure and they said the approval had expired by 1 day. I said really by 1 day. They said fill another loan app out, so I did. This time it was an issue because of the fraud that I reported to them. Now they declined me due to the fraud that I had reported. I supplied them with several pieces of ID to identify myself and they state no they could not approve the loan because of the fraud I reported. Mind you I reported the scammers/fraud to them! No one would return my calls or even talk to me. My credit had not change and if anything it improved and my debt had gone down a little. I was treated like a criminal! I reported Plush funding a fraud company and Figure was punishing me and declining the loan. I was treated poorly and discriminated against for someone else wrong doing. I think Figure and Plush funding are in a scam together. The BBB need to shut this company down!

21.

“David R.” complained to the BBB on March 27, 2022 as follows:

What was advertised and what was given do not match at all. My home value based on your company generated number was \*\*\*\*\*. I was approved for supposedly 80% of the home value which would be around 150,000. Your system however takes into factor what we owe on the home which in this case is \*\*\*\*\* dollars and offer us 47k. This is a far cry from the 80% of the value as advertised. My intention was to use the \*\*\*\*\* to pay off my Mortgage and then focus on paying off the \*\*\*\*\* within the re-payment period. I currently make 113k dollars per year and have a 730 credit score with no other debt. I am highly disappointed with the bait and switch in your front end advertising and would love to see this changed so no one else makes plans that can't be executed based on a false advertised message. My suggestion to you would be to make your advertising match you actual product offering.

22.

“Spenser S.” told the BBB on April 28, 2022:

Don't waste your time with these hucksters. I applied for a HELOC on Monday and was quoted one rate. Then on Tuesday they had an “issue with the system” and asked me to call back. When I called back on Wednesday, they said they could not fix the issue in their system and that I needed to re-apply. Of course, when I re-applied the APR went up 0.5% and they now refuse to honor the initial rate I was quoted when I applied on Monday, even though it was entirely an error on their end. This is disorganized and unprofessional at best, shady and scammy behavior at worst. If this is how they treat potential customers, I feel bad for their existing customers. There are plenty of other lenders with better reputations and less “blockchain” gobbledegook.

23.

The BBB also lists complaints suggesting other improper practices by Figure.

Many complaints deal with the end of the customer's relationship with Figure, when

they are paying off the loan. One example came from “Diana F.” on January 21, 2022:

Started out great! When you are borrowing money of course the process is smooth. Try paying off your loan in full not so much. My mortgage company sent a check with the full amount to Figure and it never got cashed. After noticing this I contacted Figure and they told me, “If it has been received by us, we would have immediately shredded it for security purposes”. They didn’t contact me and even let me know they received it and that they couldn’t cash it. Just shredded it and kept taking money out of my account even though it was painfully obvious that I was trying to pay it off. Gotta get that interest payment! Ugh. It’s been a frustrating journey to say the least.

24.

The BBB also lists complaints suggesting other improper practices by Figure.

An anonymous complaint on May 21, 2021 stated:

I refinanced through Figure Lending in March 2021. On April 2, 2021 I paid \$1000.00 directly to Figure Lending towards the balance of my loan. I later found that Figure Lending sold the mortgage to Home Point. Figure acknowledges the funds were received yet have taken no action to resolve. I spoke with Cameron at Figure Lending on May 4 and was assured that they would take immediate action to have the money transferred to Home Point. In the same conversation Cameron advised Home Point is a “finicky” investor and I will likely have issues getting the payment applied to my account. As of today, Figure Lending has not released the \$1000.00 payment to Home Point nor is willing to refund the money to me directly. I am accruing interest on the loan at a higher amount than I should be because Figure did not transfer all funds that were paid to them for this loan. I would like my money returned to me immediately so I can ensure the funds are allocated to the mortgage as they were intended.

25.

Others complain of improper fees and practices during the loan repayment

period. For example, one victim told the BBB on December 3, 2021:

I was charged an additional \*\*\*\*\* on my Home Equity Loan. They claimed that I did not provide my flood insurance. Attached you will find my emails and my chats with their company as evidenced that it was provided to them back in July of this year. I keep having to reach out them to get a resolution to this issue. My account and still showing that I will be charged an additional \*\*\*\*\* on 12/19. If this not resolved.

26.

For example, “Neal B.” complained on April 30, 2022 that:

The company represents to you your applying for a HELOC. Company forces you to take your full line of credit after you except. This is not a HELOC acts more like a home equity loan. Also charge fees \*\*\*\*\*% on the entire 100% when you might only want 20% of the credit line. They make you pay every month the entire amount you borrowed and added fees, even though your paying it down. The only way to get lower monthly payments is to pay the entire account off. If you pay 50% down was told still had to pay 100% until account is paid off. They offer a low amount of interest when you first accept and when you see all your documents you see they charged 3% higher. Sadly I was in a position during the Covid and \*\*\*\*\* Fargo stopped my HELOC while I was 90% funded. The Covid made them stop cold. So Figure appeared to have a good write up, not after I accepted everything I realized the shadiness of this company. 70% of the money sits in a bank, just paying the payment monthly. When I contacted the company to return it to lower my monthly payments, I was told the only way you can stop making the huge payments is to pay of the entire balance.

27.

Similar complaints are found on dozens of other consumer chat boards. On Trustpilot.com for example, one consumer stated on August 25, 2022:

**Seems bogus.**

They tease with great rates and a loan up to 400K, then hit you with the bait & switch (higher rates, lower loan amount plus origination fee). I am an A+ borrower and won't do business with them. There are many

other solid HELOC lenders out there (like Chartway, Bethpage, Pen Fed, First Citizens, Flagstar, etc.).

28.

Another Trustpilot.com gripe was posted on August 1, 2022:

**After applying for a HELOC**

After applying for a HELOC, being denied with a 812 credit score, being told later there was a “glitch”, to apply again, 6 requests to have my personal data purged from their databases and any source that stores information, was denied. This company is a data collector and unless you live in CA you have no recourse. Other states need to adopt the CCPA. Awful experience!

29.

Also on Trustpilot.com, “Terry Harris” stated on July 15, 2022:

**I asked them to stop direct payments...**

I asked them to stop direct payments from my checking account! They said ok and. Took the 901 out anyway! So today I will be closing that account!

30.

Again on Trustpilot.com, “Kevin McGovern” stated on February 5, 2022:

**Misleading marketing materials**

Was sent marketing materials in the mail about advertised APRs that were not even close to what I was ultimately marketed. Terrible experience

31.

Another Trustpilot.com complaint was posted by “Jeff” on January 11, 2022:

**Figure advertises 3% APR and then...**

Figure advertises 3% APR and then offers you 8% APR after you fill out the form. Their rates are extremely high. Also, they say it is a HELOC, but it's not a line of credit. It is a home equity loan, with a set withdrawal amount that needs to be taken all at once. Deceptive advertising.

32.

"Lorelei Laborde" posted on Trustpilot.com on December 3, 2021:

**I started my application on 11/19 I...**

I started my application on 11/19 I noted I am retired... on 11/30 after countless emails, Ten documented phone conversations, one with a Manager I canceled my request,,, I listed my income and was 2,634 short I explained I have a 1099 for an additional \$4,156 they said to send over when it was verified they would honor their original offer,,, then the manager called back they couldn't accept a 1099 because I was retired?? They blamed it on their "System". They sent me another offer not close to the original offer...it felt like a bait and switch...very deceiving...

33.

Also on Trustpilot.com, "Robert" stated on November 16, 2021:

**Don't trust this company.**

This company has hidden costs! You will pay way too much for this, this is a modern day loanshark masked as a trusted financial company! I am getting rid of this loan. They also sold my loan to another bank I have never heard of.

34.

"Debbie K." stated on Also on Trustpilot.com on September 4, 2021:

**Watch out for the bait and switch**

Watch out for the bait and switch. I paid 3 points for a low rate. All negotiations were through email. The process only took a few days. I ended up with a higher rate and didn't notice it until I got my first bill.

The reply to my review from Figure is a lie.

35.

Also on Trustpilot.com, “AC Seawell” stated on June 1, 2021:

**Thieves!**

**\*\*Update June 1, 2021\*\***

As per Figure the payment was sent to Home Point and was applied to my loan 1 month and 2 days after the loan was transferred. Jerrod, Figure Supervisor, advised that they have no control over how Home Point applies payments and I would have to contact Home Point directly to resolve the posted payment date. Figure has taken no accountability for the mishandling and misappropriation of funds. I highly encourage anyone who is looking to refinance to stay clear of Figure!

Figure accepted payment for my loan on April 2, 2021 then sold my Loan to Home Point and never sent the money to Home Point, and refuses to refund me the money directly. Was told on May 4, 2021 the funds would be sent to Home Point. To date, this has not happened. Figure Lending is withholding funds while I am accruing more interest than I should be with Home Point. Beware before you move forward with refinancing with Figure!

36.

Another Trustpilot.com complaint was posted by “Daniel” on March 18, 2021:

**Rip Off**

I still can't imagine how this company is operating as a serious financial institution in the US.

8 months ago I got a loan of \$100K, received only \$96K (minus fees etc).

My monthly payment was about \$760 or \$6,000 in 8 months.

Today I paid off the loan. Guess how much??

\$99,300.

Hence, I received \$96K and paid back \$105K after 8 months... looks like rip off in my opinion

37.

Also on Trustpilot.com, “Stephen Evermore” stated on March 1, 2021:

**Deceptive and borderline predatory**

It’s difficult to see Figure as anything more than a bait and switch operation. The competitive “personalized” and “reserved” rates that were marketed to me were complete fabrications that in no way aligned with the rates that were offered once I reached the site. This place seems like a class-action suit waiting to happen.

UPDATE based on their reply: Their response is nonsense. I have excellent credit and their offers were simply far worse than what the rest of the market offered - the switched rates weren’t a reflection of any financial data other than their desired profit margin. Just about every major bank or financial institution will offer you better rates. If you go with Figure, you’ll be paying a premium for the up-front ease of use of their website -- it will definitely cost you above reasonable market rates in the long-run.

38.

Another victim complained on Trustpilot.com on February 25, 2021 as follows:

**I had a HELOC with this company and...**

I had a HELOC with this company and after the loan was paid in full they did not close the account. Apparently there was a fee that needed to be paid to the county to close the account, however they never informed me. Totally unacceptable.

39.

Also on Trustpilot.com, “Marty Sarner” stated on November 12, 2022:

**I agree that the process they perform...**

I agree that the process they perform is very good. I was put into a very bad financial position. it was basically my fault. I didnt pay attention to everything that was listed for the terms. Please read everything before you sign. They are good people to deal with. I just wish they could of help us. Because of the way things were worded, I thought I had a good deal. For me disaster. Even my lawyer could not help .



I need the help i have asked for. Meaning that the monthly payment as indicated not doubled. I am 78 years old and need the payment and rate reduced. No one at Figure has offered any help at all. Once you deal is done, thats it. NO HELP. The response from Figure was not true. They have never tried to help. On a personal note Figure did not try to help in any way. They changed the rules . they turned me down, and hen put the money into my account without telling us. The rate was about 8 1/2%.I could not afford that payment. I hired a lawyer to sue They returned the fee charge of \$3000.00. However when I asked about the rate, they said thats what i deserve. They have sold the loan to a company that collects late accounts. In my personal opine they didnt care what i did.. I am looking at filing bankruptcy . . . .

40.

“Mike Crist” offered the following on Trustpilot.com on November 25, 2020:

**Dumbfounded how this outfit can be so...**

Dumbfounded how this outfit can be so highly rated. Their advertising is incredibly misleading. They advertise a 2.49% home equity rate, but if you read the fine print, that is only if you pay an outrageous 4.99% origination fee up front. You can do much better at your local credit union, people!

41.

Thousands of similar complaints can be found on many other consumer chat boards and websites.

42.

Complaints have also been lodged at the Consumer Financial Protection Bureau (“CFPB”) of the Federal Reserve Bank of the United States. For example, a consumer from Washington, D.C. stated on June 15, 2022:

**Consumer complaint narrative**

My wife and I are both retirees. We wanted to secure access to funds for years in the future ( est. of 5-8 years ) when we might need added funds to meet our mortgage 's changing payment terms but when we would be TOO OLD to process the change with sound decisions. We were attracted to an alleged HELOC offered by a firm new to us and apparently NOT a regulated bank called FIGURE Technologies, Inc. We quickly obtained a so-called "HELOC" for about {\$200000.00} which we later realized would cost us 3 % of the {\$200000.00} loan amount as an UP FRONT fee AND we would also pay 5.25 % interest AND if we repaid some of the loan the rate when we would be able to " re-borrow " the funds again ( say within 5-8 years ) would be at a higher interest rate or not possible at all. With the coming recession, we would like to payoff the so-called HELOC or else reduce the interest rate and/or upfront fee. We are told we can not reverse or reduce the 3 % up front charge made a few months ago at inception and we can not reduce the interest rate. A better approach for us would have been to be refinance our existing mortgage with XXXX but we didn't know whether or not FIGURE could refinance mortgages.

43.

A California consumer complained to the CFPB on May 20, 2022 as follows:

**Consumer complaint narrative**

RE : Loan Application App XXXX. They failed to follow guidelines for consumer lending and advertising by stringing out my loan application and using arbitrary reasons to terminate my loan offer because rates had gone up. There was no attempt by the lender to close the loan as quickly as advertised. They intentionally delayed my application because the Federal Government was expected to raise interest rates and they did not want to honor the rate they had offered to me. They advertise closing on loans within days and this was reiterated by representatives throughout my application process. In reality, they would regularly request new documents drafted attorneys, and that required notarization, all at my expense. Each time I took time off work to have the documents drafted, notarized, and returned to them in a timely manner. They would not review documents in a timely manner. For example, I may not hear anything for several days until they request a revision that should have been previously specified. And again, I took time off work to have the document drafted and notarized

at my expense. On or about the afternoon of the XX/XX/2022, the United States Government raised interest rates. On or about the evening of XX/XX/2022, the lender made a brand new request for documents. Less than XXXX business hours later, they cancelled my loan application because it was not approved within 14 days. It was not approved within 14 days because of their broken and unprofessional approval process. I am a 100 % XXXX Veteran and the lenders actions have aggravated my health. The lenders actions have also caused me to : XXXX. ) lose the loan rate that I had locked which will cost me thousands of dollars ; XXXX ) cost time/stress trying to accommodate their overly burdensome requests ; XXXX ) damaged my credit ; XXXX ) it will cost time/stress of seeking other funding at a higher rates. I plan to file a formal complaint with the State of California Attorney General and other regulatory authorities.

44.

Another California consumer stated on May 4, 2022:

**Consumer complaint narrative**

On XX/XX/2022, I applied for a personal loan on Figures website ( www.figure.com ). My application was submitted with a pre-approval offer code that I received via mail. My pre-approval was for {\$33000.00}. After going through the underwriting process, my final and updated offer was for a lower amount. I accepted the lower amount and completed all the steps required for funding the loan ( i.e., employment verification, signing disclosures, confirmed account for funds disbursement, etc. ). However, when I called back on XX/XX/2022 and spoke with an agent to see if there was anything else that I needed to complete, I was told that since the name on my California Drivers License did not match the name I provided on the application. He advised this was a compliance issue and that I could not proceed with the current application. It is incredibly frustrating that I was not told this was an issue earlier in the loan application process. I asked the agent what could be done to correct the issue. He placed me on hold to confirm what could be done to correct the issue and continue with the application. After coming back on the line, he advised that we could cancel the current application and that I could reapply through the same online portal and be given the same rate and terms. ( This was not correct as I was given a different rate and terms when I reapplied on XX/XX/2022. ) He advised me that I would be able to update my

name on the portal. ( This was not correct as I was not able to update my name. ) After I completed this additional application and saw the updated offer ( { \$19000.00 } loan amount, \$ XXXX monthly payment, and a higher interest rate 26.909 % ). When I received the different offer, I called Figure back ( on XX/XX/2022 ) and spoke with a XXXX, a supervisor. XXXX was unable to provide me a valid response as to why I was lied to about the re-application process and was not given the same rate and terms as the agent had promised. There was confirmation that the agent would be given the proper level of coaching to ensure this issue would not occur with other potential customers. The only option he provided was to either proceed with the updated loan with the higher rate and terms or cancel the application altogether. When I asked about the potential option for re-opening the previous loan application, he told me that was not on the table since their underwriting is automated and could not be updated. Clearly, I am frustrated with Figure and their ability to provide me accurate information throughout the application process. The bait and switch tactic is something that I also do not appreciate.

45.

A Colorado consumer stated on January 24, 2022:

**Consumer complaint narrative**

Figure ( [https : //www.figure.com/](https://www.figure.com/) ) advertises a home equity line of credit ( HELOC ) product. On XX/XX/2022, I submitted an application to receive a rate quote. However, once I submitted my application, it became apparent that their HELOC product more closely resembled a home equity loan product. If lent to, I must take 100 % of the HELOC proceeds at closing. For instance, if my total line was { \$100000.00 }, I would have been forced to take { \$100000.00 } at closing. They claim it's an “ open line “ because if I make principal payments, I may then borrow up to the initial \$ 100k during the “ draw “ period. I believe this is intentionally deceptive advertising and does not meet the criteria of a HELOC product, where an initial draw is optional. Please investigate and potentially make them reclassify their existing “ Figure Line of Credit “ product.

46.

There are dozens of additional complaints posted on the CFPB's website. Many other complaints about Figure's practices can be found on other government websites. The real number of complaints is even greater than it seems because Figure has used several company names in its brief history, including Figure, Figure Lending, Figure Technologies, and several mortgage trusts that are Figure affiliates. Suffice it to say that Mr. Ward is not alone in suffering from the improper and underhanded tactics of Figure.

47.

Recent complaints, all lodged in 2024, confirm that Figure has not backed off of its improper tactics since being sued for these practices in 2022.

48.

The thousands of victims of Figure's improper practices as alleged herein have resulted in damages far in excess of \$5,000,000.

**B. Mr. Ward's Experience.**

49.

Mr. Ward responded to Figure's aggressive marketing efforts in the Fall of 2019 and began the process of obtaining a HELOC from Figure.

50.

In obtaining his loan from Figure, Mr. Ward suffered from several of the same

complaints that many other victims of Figure described in the above-referenced complaints, to include bait-and-switch tactics, false marketing of a home equity loan as a HELOC, misleading statements as to fees and costs of the HELOC, and an excessive and falsely described origination fee.

51.

Mr. Ward was told that his interest rate would be far below the rate that he was ultimately charged, namely 9.75%. Mr. Ward would never have pursued a HELOC at an interest rate that high. However, after spending weeks providing documents and information to Figure, Mr. Ward did not want to cease the effort with nothing to show for it.

52.

Mr. Ward sought a HELOC – that is, the right to draw upon a credit line secured by his home – but Figure actually was only willing to offer him a home equity loan for a set amount. Figure’s marketing materials, website, and training are all geared toward misleading customers into thinking that they will be receiving a HELOC from Figure, when in fact Figure is not willing to extend them only a portion of the approved amount. Figure funds the entire approved amount and thereby makes far more in fees and interest than it would from a real HELOC. Buried in the fine print of Figure’s form loan agreement is its admission that it does not actually provide a HELOC:

Following your timely acceptance of this Agreement and your satisfaction of applicable closing conditions, we will lend you 100% of your Credit Limit. You will receive a disbursement in the amount of the Credit Limit less the origination fee (“Initial Draw”). To disburse your Initial Draw to you, you authorize us to initiate an ACH credit to your Checking Account (defined in Section 4.e.) to deposit your Initial Draw into your Checking Account. If we make an error in initiating any ACH credit to your Checking Account, you authorize us to initiate ACH credits or debits to correct the error.

53.

Thus, Figure did not provide Mr. Ward with a HELOC, but rather immediate funding of a set loan amount.

54.

Figure misrepresented its loan as a HELOC for various reasons. First, HELOCs are more attractive to many potential customers, because borrowers like Mr. Ward can use the funds as needed and will not have to take on the obligation to repay the full amount approved. Also, HELOCs are not subject to some of the federal and state laws which restrict home equity loans. By misrepresenting its loan as a HELOC to Mr. Ward, Figure sought to avoid regulatory scrutiny and liability for violations of these statutes.

55.

Mr. Ward was not given accurate information about the costs of the loan. In violation of federal law, Figure failed to prominently disclose the costs of the loan. Indeed, Figure actively misled Mr. Ward about the real costs of the loan. Mr. Ward

ultimately paid an origination fee of nearly \$2,400, far higher than an industry-standard origination fee. He would never have proceeded with the loan if he had been accurately informed of the amount of the origination fee. Such information was not prominently displayed for Mr. Ward – as required by the Truth in Lending Act – based on Figure’s misrepresentation of the loan as a HELOC.

56.

After the approval of the loan, Mr. Ward’s experience with Figure did not improve. Figure immediately deposited the full amount of the “line of credit,” minus the grossly excessive origination fee, which was seized by Figure on day one. By funding the entire amount, Figure was able to assess Mr. Ward the maximum possible amount of fees and interest. Mr. Ward was forced to make monthly payments higher than he had anticipated.

57.

As described by other Figure victims above, the experience of paying off Figure was also problematic. Mr. Ward ultimately determined to sell his home and pay Figure back in full. His closing firm (a reputable title firm) contacted Figure for the payoff amount for the loan. Figure used an improper formula to assess excessive amounts of interest and “deferred interest” in order to provide clearance for Mr. Ward to sell his home. Figure also charged a “recording fee” although Mr. Ward’s closing firm handled the recording of all of the transaction documents.



58.

Even after selling the home, Figure did not relent with its improper practices. Even though Figure was paid 100% of its own calculation of the loan payoff amount by the closing firm from the home purchase proceeds, it immediately began to hound Mr. Ward for even more money.

59.

Figure alleged that Mr. Ward owed \$313.45 for a “Figure HELOC payment.” When Mr. Ward logged into his Figure online account, it plainly showed a balance of \$0. Nevertheless, Figure continued to send threatening notices, such as the following:

We’re reaching out to you regarding your Figure Heloc payment in the amount of \$313.45 that was due to Figure Lending LLC (Figure) on 12/5/2022. Our records indicate that payment has not been received. You can make a payment quickly and easily by logging in to your dashboard below.

For your records, the total amount owed to Figure on behalf of Saluda Grade Alternative Mortgage Trust 2021-FIG2 is \$313.45. Of that amount, \$0.00 is owed for late fees.

Unless you dispute the validity of the debt, or any portion thereof, within thirty (30) days after receipt of this notice, we will assume the debt is valid. You can dispute the debt by emailing us at [myaccount@figure.com](mailto:myaccount@figure.com), or writing to the address listed below.

If you notify us in writing within thirty (30) days after receiving this notice that the debt, or any portion thereof, is disputed, we will cease collection of the amounts in dispute until we can verify the amounts due and provide copies of such verification to you or your representative. Verification includes all documents evidencing the debt, an account

statement, and a payment history. We will also provide the name and address of the original creditor, if different from the current creditor, upon your request.

Because your loan is currently overdue, any available credit has been temporarily suspended pursuant to the terms outlined in your Loan Agreement. Your available credit will be reinstated when the outstanding balance is paid and your account becomes current. If you continue to be delinquent, your ability to take additional draws may be permanently suspended.

Also, as a result of this delinquency, additional interest will accrue on your loan. This could mean that your next payment will not be enough to cover the interest due, and unless an additional amount is paid, none of the payment will be applied towards your principal balance. This could also mean that you will end up paying more over the life of the loan and/or that a remaining balance may be due at the end of your loan term.

If you need additional support or have any questions regarding your account or payment history, please give us a call. Please be advised that Qualified Written Requests, Notifications of Error, or Requests for Information concerning your loan must be provided in writing and directed to the PO Box address provided below in order to be treated as such.

Sincerely, Figure

60.

Since Mr. Ward more than paid his debt to Figure in full, he disputed that he owed any further money to Figure, did not pay the additional fraudulent fee despite Figure's threats.

61.

Even though Mr. Ward disputed the amount owed, and had filed this lawsuit

against Figure, on May 10, 2023, Mr. Ward received an email from Figure informing him that it had charged-off his loan and furnished negative account information to the credit bureaus.

62.

Subsequently, Mr. Ward checked his credit report with Equifax and discovered that Figure had indeed furnished negative information to the credit bureaus as threatened.

63.

As a result, Mr. Ward has not only suffered monetary damages resulting from Figure's improper conduct, but additional damages in the form of damaged credit.

### **CLASS ALLEGATIONS**

64.

Plaintiff brings this action on behalf of himself and all current and former Figure customers who have been harmed by the corporate practices referenced above. Although changes to the class definitions will undoubtedly be needed, initial definitions of the three proposed classes are as follows:

#### **The Payoff Class**

All Figure borrowers who paid improper amounts for interest and fees based on Figure's listing of an improper amount on the payoff letter.

#### **The Post-Closing Fee Class**

All Figure borrowers who were assessed a fee after paying the amount

shown on the payoff letter.

**The Arizona Statutory Class**

All Figure borrowers who – pursuant to the Figure form agreement – are subject to Arizona law and obtained a loan marketed as a home equity line of credit.

65.

The members of the proposed classes are so numerous that the joinder of all members by name in one action is impracticable.

66.

Important questions of law and fact exist which are common to the classes and predominate over any questions that may affect individual class members in that Figure has acted on grounds generally applicable to all members of the classes. All injuries sustained by any member of the classes arise from Figure's uniform practices.

67.

A determination of Figure's knowledge regarding its corporate practices is likewise common. Furthermore, whether Figure violated any additional applicable laws in pursuing the course of conduct complained of herein, whether Figure acted intentionally or recklessly in engaging in the conduct described herein, and the extent of the appropriate measure of damages and restitutionary relief are common questions to all members of the classes.

68.

The claims of the class representative are typical of the claims of the classes. Specifically, Figure's conduct with respect to Mr. Ward's loan was identical to the manner in which it treated all other members of the classes. As it proudly proclaims on its website and in its marketing materials, Figure's processes are automated and systematic.

69.

Mr. Ward will fully and adequately represent and protect the interests of the classes because of the common injuries and interests of the class members and the conduct of Figure applicable to all class members. Mr. Ward has retained counsel competent and experienced in the prosecution of complex and class action litigation. Mr. Ward has no interests that are contrary to or in conflict with those of the class he seeks to represent.

70.

A class action is superior to other available methods for the fair and efficient adjudication of this controversy. Since the amount of each individual class member's claim is small relative to the complexity of the litigation, and due to the financial resources of Figure, no class member could afford to seek legal redress individually for the claims alleged herein. Therefore, absent a class action, Figure's misconduct alleged herein will not be remedied.

71.

Even if class members themselves could afford such individual litigation, the court system could not. Given the legal and factual issues involved, individualized litigation would significantly increase the delay and expense to all parties and to the Court. Individualized litigation would also create the potential for inconsistent or contradictory rulings. By contrast, a class action presents far fewer management difficulties, allows claims to be heard which might otherwise go unheard because of the relative expense of bringing individual lawsuits, and provides the benefits of adjudication, economies of scale, and comprehensive supervision by a single court.

**Count I**

**BREACH OF CONTRACT  
(On behalf of Plaintiff and the Payoff Class)**

72.

Plaintiff repeats and realleges paragraphs 1 through 71 as though set forth herein.

73.

Plaintiff and the members of the Payoff Class entered into express contracts with Defendant setting forth the terms and conditions of their loans or HELOCs.

74.

By improperly inflating the amount listed on payoff letters, Figure violated the terms of the form loan agreement. Nothing in the form loan agreement allows

Figure to assess interest or fees in excess of the interest and fees that had actually accrued by the date of the payoff. Indeed, the loan agreement affirmatively precludes the assessment of excessive interest or fees.

75.

Under the Uniform Commercial Code and the common law of nearly every state, including North Carolina, the covenant of good faith and fair dealing is implied in every contract. Good faith in contracting is the obligation to preserve the spirit of the bargain rather than merely the letter, the adherence to substance rather than form. Evasion of the spirit of the bargain and abuse of a power to specify terms have been judicially recognized as examples of bad faith in the performance of contracts.

76.

A party who has discretion according to the express terms of the contract may not exercise that discretion in bad faith. Where an agreement permits one party to unilaterally determine the extent of the other's required performance, an obligation of good faith in making such a determination is implied. Defendant has purported to reserve for itself a unilateral ability to calculate payoff amounts. Because Defendant determines the amounts unilaterally, it has an obligation to make the calculations in good faith. Defendant has breached this obligation by unilaterally imposing substantial increases upon consumers without reason.

77.

In breach of its duties of good faith and fair dealing, Defendant has assessed excessive, unreasonable, and unnecessary payoff amounts on Plaintiff and the Payoff Class.

78.

Figure's direct breaches of the form loan agreement and its breaches of good faith and fair dealing have resulted in losses for Mr. Ward and the Payoff Class. The Court should make all victims of such breaches whole.

79.

Given that Mr. Ward originally filed this action against Figure within six years of taking out the HELOC loan at issue, his claim for breach of contract is timely.

## **Count II**

### **BREACH OF CONTRACT (On behalf of Plaintiff and the Post-Closing Fee Class)**

80.

Plaintiff repeats and realleges paragraphs 1 through 71 as though set forth herein.

81.

Plaintiff and the members of the Post-Closing Fee Class entered into express contracts with Defendant setting forth the terms and conditions of their loans or HELOCs.



82.

By improperly assessing post-closing fees after customers have honored Figure's payoff demand, Figure violated those loan agreements. Nothing in the form loan agreement allows Figure to assess interest or fees after the date of the payoff. Indeed, the form loan agreement affirmatively precludes the assessment of such a fee.

83.

Under the Uniform Commercial Code and the common law of nearly every state, including North Carolina, the covenant of good faith and fair dealing is implied in every contract. Good faith in contracting is the obligation to preserve the spirit of the bargain rather than merely the letter, the adherence to substance rather than form. Evasion of the spirit of the bargain and abuse of a power to specify terms have been judicially recognized as examples of bad faith in the performance of contracts.

84.

A party who has discretion according to the express terms of the contract may not exercise that discretion in bad faith. Where an agreement permits one party to unilaterally determine the extent of the other's required performance, an obligation of good faith in making such a determination is implied. Defendant has purported to reserve for itself a unilateral ability to assess a post-closing fee. Because Defendant determines the amounts unilaterally, it has an obligation to assess such a

fee in good faith. Defendant has breached this obligation by unilaterally imposing substantial fees upon consumers without reason.

85.

In breach of its duties of good faith and fair dealing, Defendant has assessed excessive, unreasonable, and unnecessary payoff amounts on Plaintiff and the Post-Closing Fee Class.

86.

Figure's direct breaches of the form loan agreement and its breaches of good faith and fair dealing have resulted in losses for Mr. Ward and the Post-Closing Fee Class. The Court should make all victims of such breaches whole.

87.

Given that Mr. Ward originally filed this action against Figure within six years of taking out the HELOC loan at issue, his claim for breach of contract is timely.

### **Count III**

#### **UNJUST ENRICHMENT (On behalf of Plaintiff and all the Breach of Contract Classes)**

88.

Plaintiff repeats and realleges paragraphs 1 through 71 as though set forth herein. This count is pled in the alternative to Counts I and II.

89.

By means of Defendant's improper conduct as alleged herein, Defendant

knowingly imposed excessive interest and fees on Plaintiff and the members of all of the classes. Such improper amounts are unfair, unconscionable, and oppressive.

90.

Defendant knowingly received and retained wrongful benefits and funds from Plaintiff and the members of the classes. In so doing, Defendant acted with conscious disregard for the rights of Plaintiff and the class members.

91.

As a result of Defendant's unlawful conduct as alleged herein, it has been unjustly enriched at the expense of, and to the detriment of, Plaintiff and the class members. Defendant's unjust enrichment is traceable to, and resulted directly and proximately from, the conduct alleged herein.

92.

Under the common law doctrine of unjust enrichment, it is inequitable for Defendant to be permitted to retain the benefits it received, and is still receiving, without justification, from the imposition of improper interest and fees in an unfair, unconscionable, and oppressive manner. Defendant's retention of such funds under circumstances making it inequitable to do so constitutes unjust enrichment.

93.

The financial benefits derived by Defendant rightfully belong to Plaintiff and members of the classes. Defendant should be compelled to disgorge into a common

fund for the benefit of Plaintiff and the class members. A constructive trust should be imposed upon all unlawful or inequitable sums received by Defendant traceable to Plaintiff and the members of the classes.

94.

Defendant should further be enjoined from continuing to engage in any unlawful or inequitable act alleged in this Class Action Complaint.

95.

Given that Mr. Ward originally filed this action against Figure within four years of taking out the HELOC loan at issue, his claim for unjust enrichment is timely.

#### **Count IV**

#### **VIOLATIONS OF THE ARIZONA CONSUMER FRAUD ACT** **(On behalf of Plaintiff and the Arizona Statutory Class)**

96.

Plaintiff repeats and realleges paragraphs 1 through 71 as though set forth herein.

97.

Figure's Home Equity Line of Credit Agreements state that they will be governed by the laws of the state where the property securing the loan is located.

98.

Since Mr. Ward's property was located in Arizona, Arizona law applies to the

Agreement.

99.

The Arizona Consumer Fraud Act (“CFA”), A.R.S. § 44-1521, *et seq.* prohibits:

*The act, use or employment by any person of any deception, deceptive or unfair act or practice, fraud, false pretense, false promise, misrepresentation, or concealment, suppression or omission of any material fact with intent that others rely on such concealment, suppression or omission, in connection with the sale or advertisement of any merchandise whether or not any person has in fact been misled, deceived or damaged thereby.*

100.

The relevant services advertised and sold by Figure qualify as “merchandise” under the CFA. Figure also qualifies as a “person” under the CFA.

101.

A statement is “deceptive” if it has the tendency and capacity to convey misleading impressions to consumers, even if interpretations that would not be misleading also are possible. Whether a statement has the tendency to mislead is determined from the perspective of the “least sophisticated reader,” in light of all that is reasonably implied, not just from what is said. It is not necessary for the plaintiff to show that the defendant made an affirmative misstatement. Material omissions are also actionable. A misrepresentation causes injury where the consumer relies on it, but this reliance need not be reasonable.

102.

Figure misrepresented the nature of Mr. Ward's loan and the payoff procedure. The same misrepresentations were made to all members of the Arizona Statutory Class.

103.

Figure's misrepresentations and omissions are material because consumers like Mr. Ward rely on the payoff amounts to determine how much they must pay Figure to payoff their HELOC.

104.

Figure intended that Mr. Ward and the Arizona Statutory Class rely upon Figure's misrepresentations and omissions, and indeed Mr. Ward and the members of the Arizona Statutory Class did rely on Figure's misrepresentations and omissions.

105.

Mr. Ward and the members of the Arizona Statutory Class were consequently and proximately injured by Figure's misrepresentations and omissions when Mr. Ward and the Class attempted to payoff their HELOCs.

106.

Given that Mr. Ward originally filed this action against Figure within one year of paying off the HELOC loan at issue, his claim under the Arizona Consumer Fraud

Act is timely.

107.

Figure's pattern of misrepresentations and omissions complained of herein show a willful, wanton, and shows a reckless indifference to the interests of others. Therefore, Mr. Ward and the Arizona Statutory Class are entitled to an award of punitive damages.

WHEREFORE, Plaintiff Lee Ward prays:

- (1) For certification of this matter as a class action lawsuit to proceed on behalf of the classes of all currently unnamed Plaintiffs as defined after suitable discovery has been completed;
- (2) For restitution;
- (3) For an award of such damages as are authorized by law;
- (4) For an award of all reasonable costs and attorneys' fees incurred by Plaintiff and the classes;
- (5) For trial by jury of all matters; and
- (6) For such other and further relief as the Court may deem just and equitable.

DATED this 26th day of August, 2024.

WEBB, KLASSE & LEMOND, LLC

/s/ E. Adam Webb

E. Adam Webb

1900 The Exchange, S.E.

Suite 480

Atlanta, Georgia 30339

(770) 444-9325

(770) 217-9950 (fax)

Adam@WebbLLC.com

Kurt F. Hausler

HAUSLER LAW FIRM, PLLC

524 East Boulevard

Charlotte, NC 28203

(704) 247-3255

(704) 247-3267 (fax)

khausler@hauslerlaw.com

*Counsel for Plaintiff*



### **CERTIFICATE OF SERVICE**

The undersigned certifies that on August 26, 2024, the foregoing document was electronically filed with the Clerk of the Court for the United States District Court, Western District of North Carolina, using the Court's Electronic Case Filing (ECF) system. I further certify that all participants in the case are registered CM/ECF users and that service will be accomplished by the CM/ECF system.

I certify under penalty of perjury that the foregoing is true and correct.

/s/ E. Adam Webb  
E. Adam Webb